

MICHIGAN DEPARTMENT OF COMMUNITY HEALTH

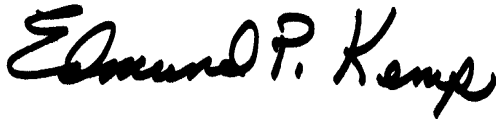
NOTICE OF PROPOSED POLICY

Public Act 280 of 1939, as amended, and consultation guidelines for Medicaid policy provide an opportunity to review proposed changes in Medicaid policies and procedures.

Please review the policy summary and the attached materials that describe the specific changes being proposed. Let us know why you support the change or oppose the change.

Submit your comments to the analyst by the due date specified. Your comments must be received by the due date to be considered for the final policy bulletin.

Thank you for participating in the consultation process.



Director, Program Policy Division  
Bureau of Medicaid Policy and Actuarial Services

<b>Project Number:</b>	0504-Hospital	<b>Comments Due:</b>	April 26, 2005	<b>Proposed Effective Date:</b>	XX/XX/05
------------------------	---------------	----------------------	----------------	---------------------------------	----------

**Mail Comments to:** **Brian Keisling**  
Bureau of Medicaid Policy & Actuarial Services  
Medical Services Administration  
P.O. Box 30479  
Lansing, Michigan 48909-7979

**Telephone Number:** (517) 241-7181

**Fax Number:** (517) 241-5112

**E-mail Address:** keislingb@michigan.gov

**Policy Subject:** New \$5 million disproportionate share hospital (DSH) pool.

**Affected Programs:** Medicaid

**Distribution:** Hospitals

**Policy Summary:** This policy creates a new \$5 million disproportionate share hospital (DSH) pool to distribute to unaffiliated hospitals and hospital systems that received less than \$900,000 in DSH payments in FY04. Section 1717 of the Department of Community Health's FY05 Enacted Budget requires the establishment of this pool and specifies a formula for the distribution of the funding.

# Proposed Policy Draft

Michigan Department of Community Health  
Medical Services Administration

**Distribution:** Hospitals

**Issued:** XX/XX/05

**Subject:** New Disproportionate Share Hospital (DSH) Pool

**Effective:** XX/XX/05

**Programs Affected:** Medicaid

In compliance with Section 1717(1) of the Michigan Department of Community Health fiscal year 2005 Appropriations Act (Public Act 349 of 2004), effective XX/XX/05, a new \$5 million Small Hospital Disproportionate Share Hospital (DSH) Pool is being created. The funding will be distributed to qualifying unaffiliated hospitals and hospital systems that received less than \$900,000 in Regular DSH Payments in state fiscal year 2004.

## Qualification Requirements

In order to receive a payment from the Small Hospital DSH Pool, all three of the following must apply:

1. Hospitals must complete the Disproportionate Share Hospital Eligibility form and meet at least one of the four eligibility criteria on the form. The form is found in Section 7.1.A. in the Hospital Reimbursement Appendix of the Michigan Medicaid Provider Manual.
2. Hospitals must have Medicaid utilization of not less than 1% based on the formula in Section 7.1.B. of the Hospital Reimbursement Appendix of the Michigan Medicaid Provider Manual.
3. Hospitals and hospital systems must have received less than \$900,000 in DSH payments from the regular \$45 million DSH pool in state fiscal year 2004.

## Data Elements

Medicaid inpatient DSH payments from the \$5 million Small Hospital DSH Pool will be made in a single distribution based on Title XIX charges and Medicaid utilization.

Title XIX charges used for computing DSH payments from this pool are the sum of Title XIX charges and Title XIX MCO charges from hospital cost reports for cost periods ending during the second previous state fiscal year.

The Medicaid utilization rate will be based on the proportion of Medicaid inpatient days to total hospital days as specified in Section 7.1.B. of the Hospital Reimbursement Appendix of the Michigan Medicaid Provider Manual. Each hospital's Medicaid utilization will be taken from hospital cost reports for cost periods ending during the second previous state fiscal year.

### Distribution Formula

The formula to calculate the distribution of payments from the Small Hospital DSH Pool is as follows:

1. Hospital Title XIX Charges x Hospital Medicaid Utilization = Hospital Pool Factor

2.  $\frac{\text{Hospital Pool Factor}}{\Sigma \text{ of all Hospital Pool Factors}}$  x Small Hospital DSH Pool Allocation